IEI Energy Inc.

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Main 403 303-3813 Fax 403 303-3810 1700 333 - 7th Avenue S.W. Calgary, Alberta T2P 2Z1

August 30, 2002



U.S Securities and Exchange Commission International Corporate Finance Mailstop 0302 450 – 5th Street N.W. Washington DC 20549 SUPPL

Dear Sir/Madam:

Re: IEI Energy Inc. (formerly Imperial Metals Corporation) #82-1032

Enclosed is the Second Quarter Report for IEI Energy Inc. for the six months ended June 30, 2002.

Yours truly,

IEI Energy Inc.

Meg Bregazz

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IEI ENERGY INC.

82-1032

Second Quarter Report

For the Six Months Ended June 30, 2002

To Our Shareholders

Second Quarter Summary (Unaudited)

(કુ પુજા જો 100, 309% ના beacq કહ્યું . 100% પ્રદેશ ના <u>ર્</u> ય	main 2002 - Hoosin 1/12	20015 2005	Three months ende	2001
COOS to the batter and the region which regions and are financial	et 6 years and	000's, except per	share amounts)	th Burti
of 600.6002 most square visitoureds in a process of Oil and natural gas sales, net of royalties	\$455	\$823	\$241	\$308
Cash flow from continuing operations Cash flow per share Sample	\$125 	\$440 -	\$107 \$	\$195 50.02
Income from continuing operations Income per share	*2 re le diction de la \$796 Sesse d'all all all aire	*1 (150 to 161 or 165 o	\$830	\$161
Basic and fully diluted	\$0.05	\$0.00	\$0.05	\$0.02
Average shares outstanding (000's) Net capital expenditures	15,769 \$57	8,056 \$959	15,769 สองกษณะ ที่วี ่\$40 แต่วิเ	-,
Long term debt	\$3,000	\$1,400	\$3,000	\$1,400
Total assets	\$4,739	\$13,426	. 4.739 _{1.31}	\$13,426
102 dil reambit of \$125,000 irom 14-91 000 iriqui	er ding june 20,2	उन्हरण रहे थार्च	Marie Colores Colored	eta: Nome
Operational		Six months end	led June 30	
(boe based on 6 mcf of natural gas equal to 1 barrel of oil)	-	2002	2001	
Daily Production. (1999) And the Second transport of the Community of the	Aviden varionisti me 30-1001 dus	2. atimaz piest o 7. gen 798 1 jes 14	619	Oc. 200
Barrel of oil equivalent (boe/d)	ME.DA	147	126	S
Average Prices St. 1970; 100; OE stat, becaute office in	rizari) na colto	t ball in such	AND WESTER FOR	$\alpha_{1}, \alpha_{2}, \beta$
Natural gas (\$/mcf)		\$2.98	\$7.73	15 M
Oil and liquids (\$/bbl) Per boe (\$/boe)		\$33.68 \$19.3 <i>7</i>	\$34.65 \$46.33	
			•	
Operating costs (\$/boe)		\$3.04	\$5.8 <i>7</i>	

Larry G. Moeller President

August 29, 2002

Quarterly Management's Discussion and Analysis

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Operations Review

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Financial Results

Secund Quality faminary ibasibuani, P

Giller Liberos estrom 48 Net revenues decreased to \$455,000 for the six months ended June 30, 2002 compared to \$823,000 for the six months ended June 30, 2001. The decrease is primarily due to lower natural gas prices in the period ended 2002.

Interest expense of \$213,000 for the six months ended June 30, 2002 did not substantially change from \$209,000 for 5455 Cound natural gar rules, net of hyalifest 2, the same period in 2001. 17.6 \$103 Call flow from continuing operations

For the six months ended June 30, 2002, IEI recorded net income of \$796,000 (\$0.05 per share) from continuing operations compared to a net income of \$13,000 (\$0.00 per share) for the same period last year. The net income figures include a gain on the sale of marketable securities of \$833,000 for the six months ended June 30, 2002. In 2001, losses of \$351,000 on security transactions and losses in the former affiliates of the Company are included in net income. Basic at 1 jully diluted 00.02 \$0.05

,			
4.1 (37,5)	8,656	2 6,76 9	one and it are notistand by that is:
Liquidity & Capital Resources	5030	\$57	Technic Conditioner
najte najte	\$ 460	\$3,000	to the state of the
Cash Flow from Operations	\$13,426	\$4,739	Moral in the

Cash flow from operations for the six months ending June 30,2002 decreased to \$125,000 from \$440,000 in the prior period.

C'ama bothas cama, ? the lotter of the gradual to the control of the set of the Working Capital

At June 30, 2002, IEI had a working capital deficiency of \$544,000. This has improved when compared to the working capital deficiency of \$1,453,000 at June 30, 2001 due to proceeds on the sale of marketable securities.

Property Expenditures and Other Investment Activities

16.918

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Property development expenditures totaled \$57,000 for the six months ended June 30, 2002 compared to \$959,000 at June 30, 2001: 5 Hymnia i Hudav

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(formerly Imperial Metals Corporation)
CONSOLIDATED BALANCE SHEETS

Property, plant a Net assets of dis LIABILITIES Current liabilities Accounts Marketab Long term debt (Site restoration a Net liabilities of implementation (CAPITAL-DEFICE) Share capital (Notes) Share purchase v		2			2002	2001	* -:
Cash Marketab Decembe Accounts Property, plant a Net assets of dis LIABILITIES Current liabilities Accounts Marketab Long term debt (Site restoration a Net liabilities of implementation (CAPITAL-DEFIC Share capital (No				:		Section 12	_
Marketab December Accounts Accounts Net assets of dis LIABILITIES Current liabilities Accounts Marketab Long term debt (Site restoration a Net liabilities of implementation (CAPITAL-DEFICE Share capital (Notes) Share purchase v							m }
Property, plant a Net assets of dis LIABILITIES Current liabilities Accounts Marketab Long term debt (Site restoration a Net liabilities of implementation (CAPITAL-DEFICE) Share capital (No. Share purchase v	250%	ج.	e ĉ. J.	\$	34,410	\$ 3,666	<i>21</i>
Property, plant a Net assets of dis LIABILITIES Current liabilities Accounts Marketab Long term debt (Site restoration a Net liabilities of implementation (CAPITAL-DEFICE) Share capital (No. Share purchase v	ble securities (Market	value \$4.47	71.243	•	,	The State of the Control	
Accounts Net assets of dis LIABILITIES Current liabilities Accounts Marketab Long term debt (Site restoration a Net liabilities of implementation (CAPITAL-DEFICE Share capital (No. Share purchase v	per 31, 2001 - \$3,808,				2,941,656	3,505,306	1.1.10
Net assets of dis LIABILITIES Current liabilities Accounts Marketab Long term debt (Site restoration a Net liabilities of implementation (CAPITAL-DEFICE Share capital (No. Share purchase v. 1984)	ts receivable				•		
LIABILITIES Current liabilities Accounts Marketab Long term debt (Site restoration a Net liabilities of implementation (CAPITAL-DEFIC Share capital (No. Share purchase v	Maria Commission of the Commis	parties and experiences on a second section					_
LIABILITIES Current liabilities Accounts Marketab Long term debt (Site restoration a Net liabilities of implementation (CAPITAL-DEFIC Share capital (No. Share purchase v	and was an investment of white the contract of		L. 1		an seasona. F. Promocratic is also pareculate		
LIABILITIES Current liabilities Accounts Marketab Long term debt (Site restoration a Net liabilities of implementation (CAPITAL-DEFIC Share capital (No. Share purchase v	and equipment, net				 1,484,904	1,590,065	
Current liabilities Accounts Marketab Long term debt (Site restoration a Net liabilities of implementation (CAPITAL-DEFIC Share capital (No							3 70
Current liabilities Accounts Marketab Long term debt (Site restoration a Net liabilities of implementation (CAPITAL-DEFIC Share capital (No	iscontinued operations	s (Notes 1 ar	nd 2)		-	est, the experience	
Current liabilities Accounts Marketab Long term debt (Site restoration a Net liabilities of implementation (CAPITAL-DEFIC Share capital (No			-	\$	4,739,457	* \$ ± -45,394,364	<u>.</u>
Current liabilitie Accounts Accounts Marketab Long term debt (Site restoration a Net liabilities of implementation (CAPITAL-DEFIC Share capital (No. Share purchase v			1-3,344		4 1 ¹ 1, 1	Na Add A Cop to A Co	•
Current liabilitie Accounts Accounts Marketab Long term debt (Site restoration a Net liabilities of implementation (CAPITAL-DEFIC Share capital (No. Share purchase v	f .				1934 T	e es o determina de la constantia	9 9 7
Accounts Marketab Long term debt (Site restoration a Net liabilities of implementation (CAPITAL-DEFIC Share capital (No. Share purchase v		10	E 1/3/24/16		yê dadiyeşênî dabak	n in the second like in property in the contract of the contra	rienze - malen
Site restoration a Net liabilities of implementation (CAPITAL-DEFICE Share capital (No. Share purchase v. Share purcha	ies						
Marketab Long term debt (Site restoration a Net liabilities of implementation (CAPITAL-DEFIC Share capital (No.)	s payable and accrued	d charges	P1 Ft 1.1	\$	179,611	\$ 303,059	14 "
Long term debt (Site restoration a Net liabilities of implementation (CAPITAL-DEFIC Share capital (No	ble securities loan	J			3,619,091	4,947,349	
Site restoration a Net liabilities of implementation (CAPITAL-DEFIC Share capital (No. Share purchase v.)	the control of the co		Jan 18 W. Stadler 17 - 188 12811 S. Sandards		-3,798,702	5,250,408	
Net liabilities of implementation (CAPITAL-DEFICE Share capital (No. Share purchase v	ant t (Note 3)	:N.1	1 a P\$3		3,000,000	1,400,000	-
Net liabilities of implementation (CAPITAL-DEFICE Share capital (No. Share purchase v	in the second	. a* :	4.51		;	e went	
Net liabilities of implementation (CAPITAL-DEFICE Share capital (No. Share purchase v.)	and abandonment		The state of the s		206,060	205,667	
(CAPITAL-DEFIC	-8 60 +35.	tur,	*(,()			E.C.	1.766.77
Share capital (No	of discontinued operati	ions before					
Share capital (No	n of the Plan	Last M.		4	-	6,477,186	70 N.
Share capital (No					7,004,762 -		•
Share capital (No							• • 1 . • •
Share capital (No	ICIENCY) SHAREHOL	DERSLEQU	ITY		pe destroying a ray of the	Company of the same of	
Share purchase v	S. 6	on the section of the				470	.N +51
Share purchase v	vote 4)	. agrantic resonanting to ever	programmed or sector contraction	, notes a sur ade	27,185,199	17,364,804	t ac same notes
را بيدند در الله الله الله الله الله الله الله الل		2	1	÷	- 14 4 1 18 1	W. Jacon	4 A
Equity compone	warrants (Note 4)	ž.	a, j		303,1 <i>77</i>		
Equity compone	To represent the company of the comp	المساعدة المساعدة ا	21			-1	
MARKET UNITED IN A MARKET NAME OF THE PARTY	ent of convertible deb	enture (Note	: 4)		-	2,188,029	
	The second of th		The second second second		20 T	article for the second	' Is i
Deficit 🗀 📜	A Property of the Control of the Con	31 (1) 13 Marie 1 (1) 13			(29,753,681)	(27,794,907)	
· () () ()	145 F. 271					(7,938,897)	
							•

CONTINUING OPERATIONS (Note 1)

(formerly Imperial Metals Corporation) CONSOLIDATED STATEMENTS OF INCOME AND DEFICIT

:	fs. 844	1	hree months 2002	ended	June 30 2001		Six months e 2002	nded	June 30 2001
REVENUES									
Oil and natural gas, net of royal	ties	\$	240,612	\$	307,758	\$	455,372	\$ \$ 2	⁷ 822,919
EXPENSES					-		1364	tor my	
Operating (1995)	014.58	ر	7,056		6,072		80,6859		133,528
Depletion and depreciation	() 1 th (3 C	•	•				مرون مرون 162,500ء المرادي		69,600
General and administrative			21,601				3,6,601		46,128
Interest	200 1 A A A		104,737		111,995		212,637		209,418
THE COLUMN TO THE COLUMN TWO THE COL			- 219,3 94		-178,155		492.423	-	458.674
	CCCHTSIC		210,004		170,133		432,423		430,07
OPERATING INCOME (LOSS)			21,218		129,603		(37,051)		364,245
## 전 : #	#4 (C, 2 pr				7-31	بدالها الدا	हा ँ हैं । कि ते कर्ष है		•
OTHER ITEMS Equity loss in affiliates			nd 2)	6 i 201	ovijanak <u>s</u> ie	go hea	nimbosib ic 🚁	er in	<u>(77,449</u>
Loss on dilution of interest in aff	iliates	7	_	***********					(279,581
Gain on sale of marketable secu			808,601	~~=	52,529	reguer - despite reguerte e	833,458	angliana in Annya	77,310
Writedown of marketable secur					(21,500)			14555	
TTTTCCCTTTCTTTCCCCTCCCCTCCCCCCCCCCCCCC			808,601		31,029		833,458	111.	(351,266
							e baldula	1.3445.7	
NCOME BEFORE TAXES	tia Ti	÷	829,819	جرديان <u>ي</u>	160,632	harve as	ds 796,407		12,979
in the state of t		٠		. 3			ums (detral c		
laxes	والمستعدد والمراجع والمراجع والمستعدد								
The second secon	ده الرواز الرواز الرواز المعادر مودور مود				-				* **
Net income before discontinued ope	rations		829,819		160,632		796,407 I ak 4) télap m		12,979
						1,2		- #:	
Net (loss) from discontinued operatio			(15,869)	(3,062,51 <i>7</i>)		(212,105)		(4,536,018
* 10 JZ(62)	$\sim \mathcal{M}^{\circ}$ (\sim					· · · · · · · · · · · · · · · · · · ·	ыв пля пональ	1.31 (•
NET INCOME (LOSS)			813,950		2,901,885)		584,302		(4,523,039
- 6 - 1 - 1				, 1910 g	า เกษาเราชาย	rigo e di	some pile with	•	(0.000.00.4
Deficit, beginning of period	ing and the second of the seco		0,567,631)	(11	0,001,488)	<u>G:</u> .	(27,794,907)	بالب	(8,380,334
Distribution of shares of subsidiary to	shareholders		en alangeraginasis e min militari	- 	The second of the second of			um	
Note1)					<u> </u>		(2,543,076)		
Saffait and of nation		t (2	0 752 691)	¢ /1:	1 002 272)	•	(20.752.691)	•	12 002 273
Deficit, end of period		⊅ (Z	9,753,681)	Φ (1.	2,903,373)		(29,753,681)	, p	12,903,373
ncome per share from continuing op	orations*	¢	0.05	\$	0.02	.\$	0.05	\$	0.00
oss per share from discontinued ope		\$	(0.00)	¢.	(0.38)		aunaw (0.01)**		(0.56
.oss per snare from discontinued ope ncome (loss) per share*	Tauons	\$	0.05	\$	(0.36)	- 0	0.04	\$	(0.56
·		- ₽		∓ μ(Σ) 4		·	2.11 an .0.40		
<u>4.0 dd .2</u> Supplemental Disclosure of Outstand	ing Shares		, ⁶⁴ .,1	14.274	an e r a 200 e 1	. +177\	or a special positive		· ·
• •	-			lune	30, 2002	Δ	gust 29, 2002		C1
17.6 PR 17.7	7083 SET 615		ga aga naga arang arang pangga atau nagga salah n	june	JU, ZUUZ		gust 27, 2002	15	<u>C</u>
Common and fully diluted shares out					769,172		15,769,410		

* adjusted for implementation of the Plan and 1 for 10 consolidation in April 2002

(formerly Imperial Metals Corporation) CONSOLIDATED STATEMENTS OF CASH FLOWS

		Three months	s ended			Six months	ended J	
OPERATING ACTIVITIES		2002		2001		2002		2001
The state and a second				an and the manager around and a series				
Net income from continuing operations	\$	829,819	\$	160,632	\$	796,407	\$	12,979
Items not affecting cash flows:	14 (2)	OPER VIO	Capation .	434003	101. 10	MIRT	5	
Depletion and depreciation		86,000		35,100		162,500		69,600
Gain on sale of marketable securities	ر ج آ ج در	(808,601)		10 1 miles	7,343	(833,458)	á.	المجاور الأوامان
Equity loss in affiliates			en de la companya de La companya de la co	Silva yeka 2≅43	اد وجويو د			77,449
Loss on dilution of interest in affiliates			11.211.25					279,581
		107,218	e de la Maria. Notae de la maria	195,732	V	125,449	e de la composition della comp	439,609
Net change in non-cash operating balances		(2,239,182)	J '2	746,878		(2,168,429)		14,210
Cash provided by (used in) operating activities		(2,131,964)		942,610		(2,042,980)		453,819
Community September 1997 Stebuches							7 BN 1	
FINANCING ACTIVITIES : SEAL OF THE DO DO BEN	(1 -2 /1	m: # 000,00	16.1 € .		".a.P. s			1.2. 11
(Repayment) of long term debt		- _		(250,000)			7 - 1	(250,000)
Cash provided by (used in) financing activities		-		(250,000)		<u>-</u>		(250,000)
INVESTMENT ACTIVITIES Acquisition and development of properties Proceeds of sale (purchase) of investments	neud m. ac um ha	(40,342) (40,342)		(738,780)		(56,94 <i>7</i>) 1,397,108	ingent	(958,584) (514,490)
Cash (used in) investment activities	n / n	1,296,795	3 1 7	(738,780)		1,340,161		(1,473,074)
(Decrease) in cash from continuing operations and thrist to attempt you'll read the transfer of						(702,819)		(1,269,255)
Cash (used in) provided by discontinued operations							rat ij	1,269,255
(Decrease) in cash	1944	ન હિલ્લો લાલું લ (851,038)	7910 <u>0</u>	tur Mada Inchi. •	bau -	(914,924)	• • • •	
Cash, beginning of period	think is	885,448	der Me Dietari		#1 <u>1</u>	3,666	i a i	ra en
Cash, acquired under the Plan					*: - <u>. *</u>	945,668		erro B
Cash, end of period	\$	34,410	\$	•	\$	34,410	\$	<u>-</u>
			·					
SUPPLEMENTAL INFORMATION								
Interest expense paid	\$	114,067	\$	34,884	\$	187,979	\$	69,405

SUPPLEMENTAL INFORMATION ON NON-CASH FINANCING AND INVESTING ACTIVITIES

Pursuant to the Plan the Company sold its mining business to a subsidiary receiving as consideration common shares of the subsidiary (Notes 1 and 5) with a book value of \$2,543,076.

Also under the Plan the Company assumed \$3,000,000 of long term debt from the metals business (Notes 1 and 3).

(formerly Imperial Metals Corporation)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2002

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1. BASIS OF PRESENTATION AND CONTINUING OPERATIONS

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In April 2002, IEI Energy Inc. ("Energy"), formerly Imperial Metals Corporation ("Imperial"), was reorganized under a Plan of Arrangement (the "Plan") pursuant to the Company Act of British Columbia and the Companies' Creditors Arrangement Act. The Plan was approved by the creditors and shareholders of Imperial on March 7, 2002 and by the Supreme Court of British Columbia on March 8, 2002, and implemented in April 2002.

Under the Plan the convertible debentures and a portion of the long term debt were exchanged for common shares and unsecured creditors received cash of \$1,000,000 with the balance due to the unsecured creditors paid in common shares (Note 3).

COMPANIES CONTRACTOR OF THE PROPERTY OF THE PR

ZERRÍTON OPROTERNO LANGUE ENVERTE EN HERRICHE POPER POPER PER EL PER EL PE

Under the Plan, Imperial divided its operations into two distinct businesses, one focused on oil and natural gas and the other focused on mining. All of Imperial's existing oil and natural gas and investment assets were retained in Imperial, which was renamed IEI Energy Inc. All of Imperial's mining assets including the name "Imperial Metals Corporation" were transferred to a new company that has now been renamed Imperial Metals Corporation ("New Imperial")(Note 2):

The continuation of the Company is dependent on its ability to generate positive cash flow from its oil and gas operations and other investments, obtain additional financing from shareholders or third parties to meet obligations as they come due and ultimately to achieve profitable operations.

The consolidated financial statements do not reflect adjustments that would be necessary if the going concern basis was not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, then significant adjustments would be necessary in the carrying value of assets and liabilities, the reported revenues and expenses; and the balance sheet classifications used.

(formerly Imperial Metals Corporation)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2002

2.0 DISCONTINUED OPERATIONS (with resp.) and with the earliness it fand the did it installed

The disposition of the mining business to New Imperial was recorded in the accounts of Energy as of January 1, 2002 as this date provides the most meaningful presentation for both businesses as the reorganization occurred with entities under common control.

The assets and liabilities of the mining business sold to New Imperial effective January 1, 2002 in exchange for 15,769,172 common shares of New Imperial are as follows:

Working Capital	- ****
Gash 3	\$1,433,784
Accounts Receivable	6,615,777
Inventory	4,848,071
Accounts payable and accrued liabilities	8.40 Hour Secretary 1 - 19. (6,363,341) /
Current portion of limited recourse long term debt	(31,507,776)
	(24,973,485)
Mineral properties	69,085,490 (
Future site reclamation deposits	7,665,075
Other assets	5.584.504
Limited Recourse Long Term Debt and Accrued Interest	2/201A324 + COUNTROL (46,036,627)
Future Site Reclamation Costs	(8,781,881)
NET ASSETS OF DISCONTINUED OPERATIONS	ev > (1 \$2,543,076) ;
CONTRACTOR OF THE PARTY OF THE	Imporial.
Consideration received on sale of the mining business to Ne 15,769,172 common shares of New Imperial at carrying va	

The mining assets and liabilities sold were transferred at the Company's book values at January 1, 2002 before adjustments to conform to the accounting policies of New Imperial. These adjustments are for the new accounting standard for recording foreign exchange gains and losses on translation or settlement of long term monetary items and the new accounting standard for revenue recognition to record mineral sales revenues when concentrate is shipped from port and the Company no longer bears risk of passage. These adjustments, which are not incorporated above or in the financial information of the discontinued operations of Energy, will result on the financial statements of New Imperial in an increase in the opening values of inventory and a decrease in accounts receivable, deferred foreign exchange, accounts payable and accrued liabilities of \$2,060,138, \$2,541,316, \$4,172,805 and \$232,853 respectively, and a charge to deficit of \$4,421,131 as at January 1, 2002.

(formerly Imperial Metals Corporation)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2002

A summary of the Balance Sheet and Statements of Loss and Cash Flows of discontinued operations are as follows:

BALANCE SHEET ALL AND SITE AS ASSESSED TO THE TOTAL COMPANSES.	Property 197	ine 30° bereich	June 30 ⁰
Current Assets Current Properties			
Other 43° 5. 2 f }	\$	-	11,735,623 \$122,455,005
LIABILITIES Y		u lou.	and the state of t
Accounts payable and accrued liabilities Current portion of other long term debt	ea titud \$: I or ren groof hea u 	aser De p arre De parece	\$27,108,815 29,302,105
Long Term Debt and Accrued Interest Other		i 2. 305 v. saites	56,410,920 50,184,649 9,602,784
NET ASSETS OF DISCONTINUED OPERATIONS	he ita Miling tar		116,198,353,0 6,256,652 \$122,455,005
STATEMENT OF LOSS	HOMADAN DIE.		
Comment Control of Con		2002	2001
REVENUES. The second second to the second se	s lanedin \$1	ന ആല്പ് മാവന	\$65,131,680
OPERATING LOSS Other expense (income) LOSS BEFORE TAXES	⁰⁴ 하다(교육하는 - : : : : : : : : : : : : : : : : : : :	2,105	(21 <i>7</i> ,352)
NET LOSS FROM DISCONTINUED OPERATIONS: 1971 1971 1971	<u>a gall ent by a </u>	<u> PO (Ö) '</u>	262,503
- Parking of State of the Parking Benediction (1997) - Benediction (1997) (1997) (1997) (1997) (1997) (1997) - Enville (1997) (1997) (1997) (1997) (1997)	i i i kansemi Garka ngjesah	meet in New Ole, Celemen	974) (1996) (1997) 1977 - 199 7 (1997)

(formerly Imperial Metals Corporation) NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2002

STATEMENT OF CASH FLOW			June 30 2002	Frequence	June 30 2001
OPERATING ACTIVITIES	148 9 F 1 C € 81 14	u, wist tek to slok et		<u> </u>	
Net (loss) from discontinued of ltems not affecting cash flows	operations	१ ७५० ६२ हमें २ वें ६५ १२	етына бен- \$(2.12,105) . -	(t.)	\$(4,536,018) 10,152,445
		.e. 160 163 1	, с врем д.ер. (212;105) :	aig a t	nur5,616,427
Net change in non-cash opera	ating balances		-		3,619,1 <i>7</i> 5
Cash (used in) provided by ope		OC	(212,105)	1 8	7119,235,6023
ಕರ್ಗಳ ಪತ್ರ ಕರಣಕನ್ನ	Spirit Spirit	Mumbe tr			
FINANCING ACTIVITIES	Supplied of	43	-		(1,656,501)
INVESTMENT ACTIVITIES	epit,	g par uni danga dan residu pering dikadahan panda Photos di Madindar	-		(6,309,846)
(DECREASE) INCREASE IN CA		EQUIVALENTS		er en en en	en de en
FROM DISCONTINUED OP	rations -	·	\$(212,105)	70.	\$1,269,255
	ବର୍ଟ ଓ ସ୍ଥ			ć	Aggraph of the state
SUPPLEMENTAL INFORMATION	SEPT: STEM	T. (201,21		1 (94)	
Interest expense paid	gar - In sent tim genaphbergan to sen diff timer tilberg find til	ggyr Algan (tr.) kapagin (r.a. spilleren e til elpenheiglige dillhöredir höllig till	\$ -		\$916,94 <i>7</i>
Taxes paid			(1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,00° 1,	e e e e e	\$396,565
			Tugungan 1 <mark>3 gandar</mark> an Galabat na Karaban sa		
	001 - \$Nil) from	ed a company control of the control of t	Average of the second of the s	6 22. 36 1199 - 1 1,449 - 1 1, repaya	ble on June 30,
(a) Credit Facility Credit facility of \$3,000,000 (2 2003 with interest of 10% per	001 - \$Nil) fron annum secured	ed a company control of the control of t	Average of the second of the s	6 22. 36 1199 - 1 1,449 - 1 1, repaya	ble on June 30,
(a) Credit Facility Credit facility of \$3,000,000 (2 2003 with interest of 10% per including a piedge of the Comp	001 - \$Nil) from annum secured any's interest in 20,000) from a.c. m. This debt wa	.euin a company control de by a fixed and flo zed.i solutions inc. To a controlled s settled for 14 mil	by a shareholder, repa	repaya of the Co	ble on June 30, ompany's assets
(a) Credit Facility Credit facility of \$3,000,000 (2 2003 with interest of 10% per including a piedge of the Comp (b) Advances Payable Advances of \$Nil (2001 – \$1,40 with interest at 10% per annuments)	001 - \$Nil) from annum secured any's interest in 20,000) from a com. This debt was a Plan (Notes 1 a	euch a company control de la fixed and flo zed i solutions inc. company controlled s settled for 14 mil and 4).	blled by a shareholder oating charge on all colors by a shareholder, repailed pre-consolidation	repaya of the Co ayable or commo	ble on June 30, ompany's assets.

IELENERGY INC.

(formerly Imperial Metals Corporation)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2002

4. SHARE CAPITAL

Authorized		ĉ	MUDIA HEAD A	CONTEMPS OF
-Unlimited number of First Preferred-shares iss by the directors.	uable in series with	rights and restri	ctions to be det	termined
Unlimited number of Second Preferred shares the directors.	issuable in series v	vith rights and re		determined by
Unlimited number of common shares with no	par value.			
Z1310 £	P	asom but coite	Portuin appear	ni epanita eski
Issued and Fully Paid	- 20	02 -3. 355 golfser	aao yo babiyy 2€	001 - 21. 3.5
	Number of	Issue Price or		
otiasa n	Shares	Attributed		or:Attributed
(1.5.90 8 ,3)		Value	رزي د اللي والتاريد هر	ντης Value,
Common shares	PTIMB 1 1 1	HAND CAŞHI		
Balance, beginning of period Transferred under the Plan from old	i girtin da kiriki i girti. ■ saa	RATIONS *	MONUTE ORE	obai \$ Agris
common shares	15,769,172	27,185,199	-	-
Balance, end of period	15,769,172	\$27,185,199	maranar <u>i</u>	5- 1
ા ભાષા પશ્ચિમ 🗼 🙎	· · · · · · · · · · · · · · · · · · ·		ಭಾಷಣೆ ಕಾ	11(4.2.4. 53.5.
Share Capital (prior to completion of the Plan)			•	The transport
Authorized			*	
1,000,000 Class B non-voting cumulative p	preferred shares wit	ha narvalue of	#10 I	
redeemable at par. 500,000,000 Common shares with no par va	lue. Proposyrosymologia	001 - SNA) morr	1997 33.000 J.00.32	nulis (part) — lay Toronto (graffa et)
redeemable at par. 500,000,000 Common shares with no par va	lue. หาง พระสุทย (ค.ศ. สาริธาร (ค.ศ.) 6 - 200	001 - SNJ) from an len secure y	्वान इ.स. १८६८ - ८७१ हरू १९८८ - अपित स्ट १८	15 (48) 7 (85) 5 15 (48) 7 (85) 7 301 [8 188 18 -
redeemable at par. 500,000,000 Common shares with no par va	lue. Prince yengmelu se Brond Brokh e 200 Transmiller i Davi	monr (IVZ + 100 z erupek mili ns H issue Price or	्याव द्वी १९६८ २०५१ हर १ ५ ८ अपित १८ ५८ प्रसद्धी २८ एक	13 (44) (45) (5) (6) (7) (7) (7) (7) (7) (7) (7
redeemable at par. 500,000,000 Common shares with no par va	lue. The yeagned so The best best 1200 The best best 1200 Number of	mont (1.42 - 100) Zenupek miline Issue Price or Attributed	्यात् इ. १९६८ च्याचे १८८ १५८८ अपित १८ <mark>१८</mark> पुरादकी वर्षा कि स्व Number of	issue Price or Attributed
redeemable at par. 500,000,000 Common shares with no par value of the common shares with the common shares	lue. Prince yengmelu se Brond Brokh e 200 Transmiller i Davi	monr (IVZ + 100 gerupek mili ns Ilssue Price or	्याव द्वी १९६८ २०५१ हर १ ५ ८ अपित १८ ५८ प्रसद्धी २८ एक	13 (44) (45) (5) (6) (6) (7) (7) (7) (7) (7) (7
redeemable at par. 500,000,000 Common shares with no par value of the common shares Issued and Fully Paid	lue. The Archael 200 The Branch Community Co	mont (1.22 - 100) Zerunes meilins (Issue Price or 1 Attributed Value	्रा १९६८ - ७३० हेट १४० - अपि - १० - १ ० प्राप्त ा श ति की जिल्हा Number of Shares	issue Price or Attributed Value
redeemable at par. 500,000,000 Common shares with no par value. Issued and Fully Paid Common shares Balance, beginning of period	Number of \$80,793,609	Ton (1.72 - 100) Zerunez	्यात् इ. १९६८ च्याचे १८८ १५८८ अपित १८ <mark>१८</mark> पुरादकी वर्षा कि स्व Number of	issue Price or Attributed
redeemable at par. 500,000,000 Common shares with no par value. Issued and Fully Paid Common shares Balance, beginning of period Issued under the Plan:	Number of Shares	non (1.22 - 100) 2910002 m ns Issue Price or Attributed Value	्रा १९६८ - ७३० हेट १४० - अपि - १० - १ ० प्राप्त ा श ति की जिल्हा Number of Shares	issue Price or Attributed Value
redeemable at par. 500,000,000 Common shares with no par value. Issued and Fully Paid Common shares Balance, beginning of period Issued under the Plan: For settlement of trade creditors	Number of Shares 15,653,143	75 17,364,804	्रा १९६८ - ७३० हेट १४० - अपि - १० - १ ० प्राप्त ा श ति की जिल्हा Number of Shares	issue Price or Attributed Value
redeemable at par. 500,000,000 Common shares with no par value. Issued and Fully Paid Common shares Balance, beginning of period Issued under the Plan: For settlement of trade creditors For settlement of long term debt	Number of Shares	non (1.22 - 100) 2910002 m ns Issue Price or Attributed Value	्रा १९६८ चंउछ १८८ १५० अपि १० १० प्राप्त ा १८ ५ Number of Shares	issue Price or Attributed Value
redeemable at par. 500,000,000 Common shares with no par value. Issued and Fully Paid Common shares Balance, beginning of period issued under the Plan: For settlement of trade creditors For settlement of long term debt For settlement of convertible debenture,	Number of Shares 15,653,143 14,000,000	15sue Price or Attributed Value \$17,364,804 3,521,957 1,400,000	्रा १९६८ चंउछ १८८ १५० अपि १० १० प्राप्त ा १८ ५ Number of Shares	issue Price or Attributed Value
redeemable at par. 500,000,000 Common shares with no par value. Issued and Fully Paid Common shares Balance, beginning of period Issued under the Plan: For settlement of trade creditors For settlement of long term debt For settlement of convertible debenture, including accrued interest	Number of Shares 15,653,143 14,000,000 47,242,488	75 17,364,804	्रा १९६८ चंउछ १८८ १५० अपि १० १० प्राप्त ा १८ ५ Number of Shares	issue Price or Attributed Value
redeemable at par. 500,000,000 Common shares with no par value. Issued and Fully Paid Common shares Balance, beginning of period Issued under the Plan: For settlement of trade creditors For settlement of long term debt For settlement of convertible debenture, including accrued interest For rounding under the Plan	Number of Shares 15,653,143 14,000,000 47,242,488 241	15sue Price or Attributed Value \$17,364,804 3,521,957 1,400,000	्रा १९६८ चंउछ १८८ १५० अपि १० १० प्राप्त ा १८ ५ Number of Shares	issue Price or Attributed Value
redeemable at par. 500,000,000 Common shares with no par value. Issued and Fully Paid Common shares Balance, beginning of period Issued under the Plan: For settlement of trade creditors For settlement of long term debt For settlement of convertible debenture, including accrued interest For rounding under the Plan Consolidation 1 for 10 under the Plan	Number of Shares 15,653,143 14,000,000 47,242,488	15sue Price or Attributed Value \$17,364,804 3,521,957 1,400,000	्रा १९६८ चंउछ १८८ १५० अपि १० १० प्राप्त ा १८ ५ Number of Shares	issue Price or Attributed Value
redeemable at par. 500,000,000 Common shares with no par value. Issued and Fully Paid Common shares Balance, beginning of period issued under the Plan: For settlement of trade creditors For settlement of long term debt For settlement of convertible debenture, including accrued interest For rounding under the Plan Consolidation 1 for 10 under the Plan Transfer effected under the Plan to new	Number of Shares 15,653,143 14,000,000 47,242,488 241 (141,920,309)	78 17,364,804 3,521,957 1,400,000 4,898,438	्रा १९६८ चंउछ १८८ १५० अपि १० १० प्राप्त ा १८ ५ Number of Shares	issue Price or Attributed Value
redeemable at par. 500,000,000 Common shares with no par value. Issued and Fully Paid Common shares Balance, beginning of period Issued under the Plan: For settlement of trade creditors For settlement of long term debt For settlement of convertible debenture, including accrued interest For rounding under the Plan Consolidation 1 for 10 under the Plan	Number of Shares 15,653,143 14,000,000 47,242,488 241	15sue Price or Attributed Value \$17,364,804 3,521,957 1,400,000	्रा १९६८ चंउछ १८८ १५० अपि १० १० प्राप्त ा १८ ५ Number of Shares	issue Price or Attributed Value

(formerly Imperial Metals Corporation)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2002

Equity Component of Convertible Debentures

		2002	41	001
Balance, beginning of period	\$2,18	8,029	\$	-
Transferred to share capital on issuance of shares to settle debentures (Note 1)	(2,18	8,029)		-
Balance, end of period	\$	-	\$	

2002

1001

Options

As part of the Plan, all options were cancelled and new options were authorized to directors, officers and employees to purchase up to 1,500,000 post consolidation shares of the Company. As of August 20, 2002 none of these options have been granted and the terms thereof have not been specified.

Effective January 1, 2002 the Company adopted the recommendations of the Canadian Institute of Chartered Accountants for stock based compensation and other stock based payments. The new recommendations require that stock based payments to non employees be accounted for using a fair value based method of accounting. No stock based awards are made available to non employees. The recommendations encourage, but do not require, the use of a fair value based method to account for stock based compensation to employees. The Company has elected to not use the fair value based method to account for stock based compensation to employees, however it will disclose the proforma effect of the stock based compensation on its financial results. No options were outstanding at June 30, 2002.

Share Purchase Warrants		2002		2001
	Number of Shares	Issue Price or Attributed Value	Number of Shares:	Issue Price or Attributed Value
Balance, beginning of period Adjustment for consolidation of common	2,000,000	\$303,177	2,000,000	\$303,177
shares under the Plan	(1,800,000)	-	-	-
Balance, end of period	200,000	\$303,1 <i>77</i>	2,000,000	\$303,1 <i>77</i>

At June 30, 2002, 200,000 (2,000,000 pre-consolidation) common share purchase warrants were outstanding to the Mount Polley lender. These share purchase warrants were issued as compensation for rescheduling and extending the repayment terms on the Mount Polley Construction Loan during the year ended December 31, 1999. Each share purchase warrant is exercisable at a price of \$10.00 per share (\$1.00 pre-consolidation) until December 31, 2001 and at a price of \$12.50 (\$1.25 pre-consolidation) after December 31, 2001 up to December 31, 2002.